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Letter dated 17 July 1991 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General

I have the honour to transmit to you herewith the final documents of the London Economic Summit, held from 15 to 17 July 1991. They comprise the following:

Annex I: Economic Declaration: Building World Partnership

Annex II: Political Declaration: Strengthening the International Order

Annex III: Declaration on Conventional Arms Transfers and NBC Non-Proliferation

I should be grateful if you could arrange for the present letter and its annexes to be circulated as a document of the General Assembly and of the Security Council.

(Signed) D. H. A. HANNAY



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ANNEX I

# ECONOMIC DECLARATION

## BUILDING WORLD PARTNERSHIP

1. We, the Heads of State and Government of the seven major industrial democracies and the representatives of the European Community, met in London for our seventeenth annual Summit.

2. The spread of freedom and democracy which we celebrated at Houston has gathered pace over the last year. Together the international community has overcome a major threat to world peace in the Gulf. But new challenges and new opportunities confront us.

3. We seek to build world partnership, based on common values, and to strengthen the international order. Our aim is to underpin democracy, human rights, the rule of law and sound economic management, which together provide the key to prosperity. To achieve this aim, we will promote a truly multilateral system, which is secure and adaptable and in which responsibility is shared widely and equitably. Central to our aim is the need for a stronger, more effective UN system, and for greater attention to the proliferation and transfer of weapons.

### Economic policy

4. Over the last year, some of our economies have maintained good growth, while most have slowed down and some gone into recession. But a global recession has been avoided. The uncertainty created by the Gulf crisis is behind us. We welcome the fact that there are now increasing signs of economic recovery. Progress has been made too in reducing the largest trade and current account imbalances.

5. Our shared objectives are a sustained recovery and price stability. To this end, we are determined to maintain, including through our economic policy coordination process, the medium-term strategy endorsed by earlier Summits. This strategy has contained inflationary expectations and created the conditions for sustainable growth and new jobs.

6. We therefore commit ourselves to implement fiscal and monetary policies, which, while reflecting the different situations in our countries, provide the basis for lower real interest rates. In this connection, continued progress in reducing budget deficits is essential. This, together with the efforts being made to reduce impediments to private saving, will help generate the increase in global savings needed to meet demands for investment. We also welcome the close cooperation on exchange markets and the work to improve the functioning of the international monetary system.

7. We will also, with the help of the Organisation for Economic Co-operation and Development (OECD) and other institutions, pursue reforms to improve economic efficiency and thus the potential for growth. These include:-

a) greater competition in our economies, including regulatory reform. This can enhance consumer choice, reduce prices and ease burdens on business.

b) greater transparency, elimination or enhanced discipline in subsidies that have distorting effects, since such subsidies lead to inefficient allocation of resources and inflate public expenditure.

c) improved education and training, to enhance the skills and improve the opportunities of those both in and out of employment, as well as policies contributing to greater flexibility in the employment system.

d) a more efficient public sector, for example through higher standards of management and including possibilities for privatisation and contracting out.

e) the wide and rapid diffusion of advances in science and technology.

f) essential investment, both private and public, in infrastructure.

8. We will encourage work nationally and internationally to develop cost-effective economic instruments for protecting the environment, such as taxes, charges and tradeable permits.

**International trade**

9. No issue has more far-reaching implications for the future prospects of the world economy than the successful conclusion of the Uruguay Round. It will stimulate non-inflationary growth by bolstering confidence, reversing protectionism and increasing trade flows. It will be essential to encourage the integration of developing countries and Central and East European nations into the multilateral trading system. All these benefits will be lost if we cannot conclude the Round.

10. We therefore commit ourselves to an ambitious, global and balanced package of results from the Round, with the widest possible participation by both developed and developing countries. The aim of all contracting parties should be to complete the Round before the end of 1991. We shall each remain personally involved in this process, ready to intervene with one another if differences can only be resolved at the highest level.

11. To achieve our objectives, sustained progress will be needed in the negotiations at Geneva in all areas over the rest of this year. The principal requirement is to move forward urgently in the following areas taken together:-

a) market access, where it is necessary, in particular, to cut tariff peaks for some products while moving to zero tariffs for others, as part of a substantial reduction of tariffs and parallel action against non-tariff barriers.

b) agriculture, where a framework must be decided upon to provide for specific binding commitments in domestic support, market access and export competition, so that substantial progressive reductions of support and protection may be agreed in each area, taking into account non-trade concerns.

c) services, where accord on a general agreement on trade in services should be reinforced by substantial and binding initial commitments to reduce or remove existing restrictions on services trade and not to impose new ones.

(d) intellectual property, where clear and enforceable rules and obligations to protect all property rights are necessary to encourage investment and the spread of technology.

12. Progress on these issues will encourage final agreement in areas already close to conclusion, such as textiles, tropical products, safeguards and dispute settlement. Agreement to an improved dispute settlement mechanism should lead to a commitment to operate only under the multilateral rules. Taken all together, these and the other elements of the negotiations, including GATT rule-making, should amount to the substantial, wide-ranging package which we seek.

13. We will seek to ensure that regional integration is compatible with the multilateral trading system.

14. As we noted at Houston, a successful outcome of the Uruguay Round will also call for the institutional reinforcement of the multilateral trading system. The concept of an international trade organisation should be addressed in

this context.

15. Open markets help to create the resources needed to protect the environment. We therefore commend the OECD's pioneering work in ensuring that trade and environment policies are mutually supporting. We look to the General Agreement on Tariffs and Trade (GATT) to define how trade measures can properly be used for environmental purposes.

16. We are convinced that OECD members must overcome in the near future and, in any case, by the end of the year, remaining obstacles to an agreement on reducing the distortions that result from the use of subsidised export credits and of tied aid credits. We welcome the initiative of the OECD in studying export credit premium systems and structures and look forward to an early report.

**Energy**

17. As the Gulf crisis showed, the supply and price of oil remain vulnerable to political shocks, which disturb the world economy. But these shocks have been contained by the effective operation of the market, by the welcome increase in supplies by certain oil-exporting countries and by the actions co-ordinated by the International Energy Agency (IEA), particularly the use of stocks. We are committed to strengthen the IEA's emergency preparedness and its supporting measures. Since the crisis has led to improved relations between producers and consumers, contacts among all market participants could be further developed to promote communication, transparency and the efficient working of market forces.

18. We will work to secure stable worldwide energy supplies, to remove barriers to energy trade and investment, to encourage high environmental and safety standards and to promote international cooperation on research and development in all these areas. We will also seek to improve energy efficiency and to price energy from all sources so as to reflect costs fully, including environmental costs.

19. In this context, nuclear power generation contributes to diversifying energy sources and reducing greenhouse gas emissions. In developing nuclear power as an economic energy source, it is essential to achieve and maintain the highest available standards of safety, including in waste management, and to encourage co-operation to this end throughout the world. The safety situation in Central and Eastern Europe and the Soviet Union deserves particular attention. This is an urgent problem and we call upon the international community to develop an effective means of coordinating its response.

20. The commercial development of renewable energy sources and their integration with general energy systems should also be encouraged, because of the advantages these sources offer for environmental protection and energy security.

21. We all intend to take a full part in the initiative of the European Community for the establishment of a European Energy Charter on the basis of equal rights and obligations of signatory countries. The aim is to promote free and undistorted energy trade, to enhance security of supply, to protect the environment and to assist economic reform in Central and East European countries and the Soviet Union, especially by creating an open, non-discriminatory regime for commercial energy investment.

**Central and Eastern Europe**

22. We salute the courage and determination of the countries of Central and Eastern Europe in building democracy and moving to market economies, despite formidable obstacles. We welcome the spread of political and economic reform throughout the region. These changes are of great historical importance. Bulgaria and Romania are now following the pioneering advances of Poland, Hungary and Czechoslovakia. Albania is emerging from its long isolation.

23. Recognising that successful reform depends principally on the continuing efforts of the countries concerned, we renew our own firm commitment to support their reform efforts, to forge closer ties with them and to encourage their integration into the international economic system. Regional initiatives reinforce our ability to co-operate.

24. All the Central and East European countries except Albania are now members of the International Monetary Fund (IMF) and the World Bank. We welcome the steps being taken by those countries that are implementing IMF-supported programmes of macro-economic stabilisation. It is crucial that these programmes are complemented by structural reforms, such as privatising and restructuring state-owned enterprises, increasing competition and strengthening property rights. We welcome the establishment of the European Bank for Reconstruction and Development (EBRD), which has a mandate to foster the transition to open, market-oriented economies and to promote private initiative in Central and East European countries committed to democracy.

25. A favourable environment for private investment, both foreign and domestic, is crucial for sustained growth and for avoiding dependence on external assistance from governments. In this respect, technical assistance from our private sectors and governments, the European Community and international institutions should concentrate on helping this essential market-based transformation. In this context, we emphasise the importance of integrating environmental considerations into the economic restructuring process in Central and Eastern Europe.

26. Expanding markets for their exports are vital for the Central and East European countries. We welcome the

substantial increases already made in exports to market economies and we undertake to improve further their access to our markets for their products and services, including in areas such as steel, textiles and agricultural produce. In this context, we welcome the progress made in negotiating Association Agreements between the European Community and Poland, Hungary and Czechoslovakia, as well as the Presidential Trade Enhancement Initiative announced by the United States, all of which will be in accordance with GATT principles. We will support the work of the OECD to identify restrictions to East/West trade and to facilitate their removal.

27. The Group of Twenty-four (G24) process, inaugurated by the Arch Summit and chaired by the European Commission, has mobilised $31 billion in bilateral support for these countries, including balance of payments finance to underpin IMF-supported programmes. Such programmes are in place for Poland, Hungary and Czechoslovakia. We welcome the contributions already made for Bulgaria and Romania. We are intensifying the G24 coordination process and we reaffirm our shared willingness to play our fair part in the global assistance effort.

**The Soviet Union**

28. We support the moves towards political and economic transformation in the Soviet Union and are ready to assist the integration of the Soviet Union into the world economy.

29. Reform to develop the market economy is essential to create incentives for change and enable the Soviet people to mobilise their own substantial natural and human resources. A clear and agreed framework within which the centre and the republics exercise their respective responsibilities is fundamental for the success of political and economic reform.

30. We have invited President Gorbachev to meet us for a discussion of reform policies and their implementation, as well as ways in which we can encourage this process.

31. We commend the IMF, World Bank, OECD and EBRD for their study of the Soviet economy produced, in close consultation with the European Commission, in response to the request we made at Houston. This study sets out many of the elements necessary for successful economic reform, which include fiscal and monetary discipline and creating the framework of a market economy.

32. We are sensitive to the overall political context in which reforms are being conducted, including the "New Thinking" in Soviet foreign policy around the world. We are sensitive also to the importance of shifting resources from military to civilian use.

33. We are concerned about the deterioration of the Soviet economy, which creates severe hardship not only within the

Soviet Union but also for the countries of Central and Eastern Europe.

**The Middle East**

34. Many countries have suffered economically as a result of the Gulf crisis. We welcome the success of the Gulf Crisis Financial Co-ordination Group in mobilising nearly $16 billion of assistance for those countries suffering the most direct economic impact of the Gulf crisis and urge all donors to complete disbursements rapidly. Extensive assistance is being provided by Summit participants for the Mediterranean and the Middle East, as well as by the IMF and World Bank.

35. We believe that enhanced economic co-operation in this area, on the basis of the principles of non-discrimination and open trade, could help repair the damage and reinforce political stability. We welcome the plans of major oil exporting countries for providing financial assistance to others in the region and their decision to establish a Gulf Development Fund. We support closer links between the international financial institutions and Arab and other donors. We believe this would encourage necessary economic reforms, promote efficient use of financial flows, foster private sector investment, stimulate trade liberalisation and facilitate joint projects e.g. in water management, which would draw on our technical skills and expertise.

**Developing Countries and Debt**

36. Developing countries are playing an increasingly constructive role in the international economic system, including the Uruguay Round. Many have introduced radical policy reforms and are adopting the following principles:

(a) respect for human rights and for the law, which encourages individuals to contribute to development;

(b) democratic pluralism and open systems of administration, accountable to the public;

(c) sound, market-based economic policies to sustain development and bring people out of poverty;

We commend these countries and urge others to follow their example. Good governance not only promotes development at home, but helps to attract external finance and investment from all sources.

37. Our steadfast commitment to helping developing countries, in conjunction with a durable non-inflationary recovery of our economies and the opening of our markets, will be the most effective way we have of enhancing prosperity in the developing world.

38. Many of these countries, especially the poorest, need our financial and technical assistance to buttress their own development endeavours. Additional aid efforts are required, to enhance both the quantity and the quality of our support for priority development issues. These include alleviating poverty, improving health, education and training and enhancing the environmental quality of our aid. We endorse the increasing attention being given to population issues in devising strategies for sustainable progress.

39. Africa deserves our special attention. Progress by African governments towards sound economic policies, democracy and accountability is improving their prospects for growth. This is being helped by our continued support, focused on stimulating development of the private sector, encouraging regional integration, providing concessional flows and reducing debt burdens. The Special Programme of Assistance for Africa, co-ordinated by the World Bank and providing support for economic reform in over 20 African countries, is proving its worth. We will provide humanitarian assistance to those parts of Africa facing severe famine and encourage the reform of United Nations structures in order to make this assistance more effective. We will also work to help the countries concerned remove the underlying causes of famine and other emergencies, whether these are natural or provoked by civil strife.

40. In the Asia-Pacific region, many economies, including members of the Association of South-East Asian Nations (ASEAN) and the Asia-Pacific Economic Co-operation (APEC), continue to achieve dynamic growth. We welcome the efforts by those economies of the region which are assuming new international responsibilities. Other Asian countries, which are strengthening their reform efforts, continue to need external assistance.

41. In Latin America we are encouraged by the progress being made in carrying out genuine economic reforms and by developments in regional integration. We welcome the continuing discussions on the Multilateral Investment Fund, under the Enterprise for the Americas Initiative which, together with other efforts, is helping to create the right climate for direct investment, freer trade and a reversal of capital flight.

42. We recognise with satisfaction the progress being made under the strengthened debt strategy. Some countries have already benefited from the combination of strong adjustment with commercial bank debt reduction or equivalent measures. We encourage other countries with heavy debts to banks to negotiate similar packages.

43. We note:

(a) the agreement reached by the Paris Club on debt reduction or equivalent measures for Poland and Egypt,

which should be treated as exceptional cases;

(b) the Paris Club's continued examination of the special situation of some lower middle-income countries on a case by case basis.

44. The poorest, most indebted countries need very special terms. We agree on the need for additional debt relief measures, on a case by case basis, for these countries, going well beyond the relief already granted under Toronto terms. We therefore call on the Paris Club to continue its discussions on how these measures can best be implemented promptly.

45. We recognise the need for appropriate new financial flows to developing countries. We believe the appropriate way to avoid unsustainable levels of debt is for developing countries to adopt strengthened policies to attract direct investment and the return of flight capital.

46. We note the key role of the IMF, whose resources should be strengthened by the early implementation of the quota increase under the Ninth General Review and the associated Third Amendment to the Articles of Agreement.

**Environment**

47. The international community will face formidable environmental challenges in the coming decade. Managing the environment continues to be a priority issue for us. Our economic policies should ensure that the use of this planet's resources is sustainable and safeguards the interests of both present and future generations. Growing market economies can best mobilise the means for protecting the environment, while democratic systems ensure proper accountability.

48. Environmental considerations should be integrated into the full range of government policies, in a way which reflects their economic costs. We support the valuable work in this field being undertaken by the OECD. This includes the systematic review of member countries' environmental performance and the development of environmental indicators for use in decision-making.

49. Internationally, we must develop a co-operative approach for tackling environmental issues. Industrial countries should set an example and thus encourage developing countries and Central and East European nations to play their part. Co-operation is also required on regional problems. In this context, we welcome the consensus reached on the Environmental Protocol of the Antarctic Treaty, aimed at reinforcing the environmental preservation of this continent. We note the good progress of the Sahara and Sahel Observatory as well as the Budapest Environmental Centre.

50. The UN Conference on Environment and Development (UNCED)

in June 1992 will be a landmark event. It will mark the climax of many international environmental negotiations. We commit ourselves to work for a successful Conference and to give the necessary political impetus to its preparation.

51. We aim to achieve the following by the time of UNCED:-

a) an effective framework convention on climate change, containing appropriate commitments and addressing all sources and sinks for greenhouse gases. We will seek to expedite work on implementing protocols to reinforce the convention. All participants should be committed to design and implement concrete strategies to limit net emissions of greenhouse gases, with measures to facilitate adaptation. Significant actions by industrial countries will encourage the participation of developing and East European countries, which is essential to the negotiations.

b) agreement on principles for the management, conservation and sustainable development of all types of forest, leading to a framework convention. This should be in a form both acceptable to the developing countries where tropical forests grow and consistent with the objective of a global forest convention or agreement which we set at Houston.

52. We will seek to promote, in the context of UNCED:

a) mobilisation of financial resources to help developing countries tackle environmental problems. We support the use of existing mechanisms for this purpose, in particular the Global Environment Facility (GEF). The GEF could become the comprehensive funding mechanism to help developing countries meet their obligations under the new environmental conventions.

b) encouragement of an improved flow of beneficial technology to developing countries, making use of commercial mechanisms.

c) a comprehensive approach to the oceans, including regional seas. The environmental and economic importance of oceans and seas means that they must be protected and sustainably managed.

d) further development of international law of the environment, drawing inter alia on the results of the Siena Forum.

e) the reinforcement of international institutions concerned with the environment, including the United Nations Environment Programme (UNEP), for the decade ahead.

53. We support the negotiation, under the auspices of UNEP, of an acceptable framework convention on biodiversity, if possible to be concluded next year. It should concentrate on protecting ecosystems, particularly in species-rich areas, without impeding positive developments in biotechnology.

54. We remain concerned about the destruction of tropical forests. We welcome the progress made in developing the pilot programme for the conservation of the Brazilian tropical forest, which has been prepared by the Government of Brazil in consultation with the World Bank and the European Commission, in response to the offer of co-operation extended following the Houston Summit. We call for further urgent work under the auspices of the World Bank, in co-operation with the European Commission, in the framework of appropriate policies and with careful attention to economic, technical and social issues. We will financially support the implementation of the preliminary stage of the pilot programme utilising all potential sources, including the private sector, non-governmental organisations, the multilateral development banks, and the Global Environmental Facility. When details of the programme have been resolved, we will consider supplementing these resources with bilateral assistance, so that progress can be made on the ground. We believe that good progress with this project will have a beneficial impact on the treatment of forests at UNCED. We also welcome the spread of debt for nature exchanges, with an emphasis on forests.

55. The burning oil wells and polluted seas in the Gulf have shown that we need greater international capacity to prevent and respond to environmental disasters. All international and regional agreements for this purpose, including those of the International Maritime Organisation (IMO), should be fully implemented. We welcome the decision by UNEP to establish an experimental centre for urgent environmental assistance. In the light of the recent storm damage in Bangladesh, we encourage the work on flood alleviation under the auspices of the World Bank, which we called for at the Arch Summit.

56. Living marine resources threatened by over-fishing and other harmful practices should be protected by the implementation of measures in accordance with international law. We urge control of marine pollution and compliance with the regimes established by regional fisheries organisations through effective monitoring and enforcement measures.

57. We call for greater efforts in co-operation in environmental science and technology, in particular:-

a) scientific research into the global climate, including satellite monitoring and ocean observation. All countries, including developing countries, should be involved in this research effort. We welcome the development of information services for users of earth observation data since the Houston Summit.

b) the development and diffusion of energy and environment technologies, including proposals for innovative technology programmes.

Drugs

58. We note with satisfaction progress made in this field since our Houston meeting, notably the entry into force of the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychiatric Substances. We welcome the formation of the United Nations International Drugs Control Programme (UNDCP).

59. We will increase our efforts to reduce the demand for drugs as a part of overall anti-drug action programmes. We maintain our efforts to combat the scourge of cocaine and will match these by increased attention to heroin, still the principal hard drug in Europe and Asia. Enhanced co-operation is needed both to reduce production of heroin in Asia and to check its flow into Europe. Political changes in Central and Eastern Europe and the opening of frontiers there have increased the threat of drug misuse and facilitated illicit trafficking, but have also given greater scope for concerted Europe-wide action against drugs.

60. We applaud the efforts of the "Dublin Group" of European, North American and Asian governments to focus attention and resources on the problems of narcotics production and trafficking.

61. We commend the achievements of the task-forces initiated by previous Summits and supported by an increasing number of countries:-

a) We urge all countries to take part in the international fight against money laundering and to cooperate with the activities of the Financial Action Task Force (FATF). We strongly support the agreement on a mutual evaluation process of each participating country's progress in implementing the FATF recommendations on money laundering. We endorse the recommendation of the FATF that it should operate on a continuing basis with a secretariat supplied by the OECD.

b) We welcome the report of the Chemical Action Task Force (CATF) and endorse the measures it recommends for countering chemical diversion, building on the 1988 UN Convention against drug trafficking. We look forward to the special meeting in Asia, concentrating on heroin, and the CATF meeting due in March 1992, which should consider the institutional future of this work.

62. We are concerned to improve the capacity of law /...

enforcement agencies to target illicit drug movements without hindering the legitimate circulation of persons and goods. We invite the Customs Cooperation Council to strengthen its cooperation with associations of international traders and carriers for this purpose and to produce a report before our next Summit.

**Migration**

63. Migration has made and can make a valuable contribution to economic and social development, under appropriate conditions, although there is a growing concern about worldwide migratory pressures, which are due to a variety of political, social and economic factors. We welcome the increased attention being given these issues by the OECD and may wish to return to them at a future Summit.

**Next meeting**

64. We have accepted an invitation from Chancellor Kohl to hold our next Summit in Munich, Germany in July 1992.

17 July 1991

ANNEX II

**POLITICAL DECLARATION**

**STRENGTHENING THE INTERNATIONAL ORDER**

1. We, the leaders of our seven countries and the representatives of the European Community, renew our firm commitment to the ideal of a peaceful, just, democratic and prosperous world. The international community faces enormous challenges. But there is also reason for hope. We must reinforce the multilateral approach to the solution of common problems and work to strengthen the international system of which the United Nations, based on its Charter, remains so central a part. We call on the leaders of other nations to join us in that cause.

2. It is a matter for hope and encouragement that the United Nations Security Council, with the backing of the international community, showed during the Gulf crisis that it could fulfil its role of acting to restore international peace and security and to resolve conflict. With the East-West confrontation of the last four decades behind us, the international community must now build on this new spirit of cooperation not only in the Middle East but wherever danger and conflict threaten or other challenges must be met.

3. We believe the conditions now exist for the United Nations to fulfil completely the promise and the vision of its founders. A revitalised United Nations will have a central role in strengthening the international order. We commit ourselves to making the UN stronger, more efficient and more effective in order to protect human rights, to maintain peace and security for all and to deter aggression. We will make preventive diplomacy a top priority to help avert future conflicts by making clear to potential aggressors the consequences of their actions. The UN's role in peacekeeping should be reinforced and we are prepared to support this strongly.

4. We note that the urgent and overwhelming nature of the humanitarian problem in Iraq caused by violent oppression by the Government required exceptional action by the international community, following UNSCR 688. We urge the UN and its affiliated agencies to be ready to consider similar action in the future if the circumstances require it. The international community cannot stand idly by in cases where widespread human suffering from famine, war, oppression, refugee flows, disease or flood reaches urgent and overwhelming proportions.

5. The recent tragedies in Bangladesh, Iraq and the Horn of Africa demonstrate the need to reinforce UN relief in coping with emergencies. We call on all Member States to respond to the Secretary General's appeal for voluntary contributions. We would like to see moves to strengthen the coordination, and to accelerate the effective delivery, of all UN relief for major disasters. Such initiatives, as part of an overall effort to make the UN more effective could include:

(a) the designation of a high level official, answerable only to the United Nations Secretary-General, who would be responsible for directing a prompt and well-integrated international response to emergencies, and for coordinating the relevant UN appeals; and

(b) improvement in the arrangements whereby resources from within the UN system and support from donor countries and NGOs can be mobilised to meet urgent humanitarian needs in time of crisis.

The United Nations would then be able to take the early action that has sometimes been missing in the past. The United Nations should also make full use of its early warning capacity to alert the international community to coming crises and to work on the preparation of contingency plans, to include the question of prior earmarking of resources and material that would be available to meet these contingencies.

6. Since we last met the world has witnessed the invasion, occupation and subsequent liberation of Kuwait. The overwhelming response of the international community in reversing the forcible annexation of one small nation was evidence of the widespread preference for

- taking collective measures against threats to the peace and to suppress aggression

- settling disputes peacefully

- upholding the rule of law and

- protecting human rights.

These principles are essential to the civilised conduct of relations between states.

7. We express our support for what the countries of the Gulf and their neighbours are doing to ensure their security in future. We intend to maintain sanctions against Iraq until all the relevant resolutions of the Security Council have been implemented in full and the people of Iraq, as well as their neighbours, can live without fear of intimidation, repression or attack. As for the Iraqi people, they deserve the opportunity to choose their leadership openly and democratically. We look forward to the forthcoming elections in Kuwait and to an improvement of the human rights situation there and in the region.

8. We attach overriding importance to the launching of a process designed to bring comprehensive, just and lasting peace between Israel and her Arab neighbours, including the Palestinians. Such a peace should be based on UN SCRs 242 and 338 and the principle of territory for peace. We support the concept of a peace conference starting parallel and direct negotiations between Israel and representative Palestinians on the one hand and Israel and the Arab states on the other. We confirm our continuing support for the current American initiative to advance the peace process, which we believe offers the best hope of progress towards a settlement. We urge all the parties to the dispute to adopt reciprocal and balanced confidence-building measures and to show the flexibility necessary to allow a peace conference to be convened on the basis set out in this initiative. In that connection we believe that the Arab boycott should be suspended as should the Israeli policy of building settlements in the occupied territories.

9. We take note with satisfaction of the prospects opened by the restoration of security in Lebanon. We continue to support efforts by the Lebanese authorities to achieve the implementation of the Taif process, which will lead to the departure of all foreign forces and the holding of free elections.

10. We express our willingness to support the development of economic cooperation among the countries of the Middle East on the basis of liberal policies designed to encourage the repatriation of capital, an increase in investment and a decrease in obstacles to trade. Such policies should be accompanied by comprehensive long-term efforts to bring about more stability for the Middle East and the Mediterranean.

11. We welcome the further substantial progress in reform, both political and economic, achieved in the countries of Central and Eastern Europe during the last year and recognise that these gains will need to be maintained through a difficult period of economic transition, including through regional initiatives. We have a strong interest in the success of market reforms and democracy in Central and Eastern Europe and we commit ourselves to full support for these reforms. We also take note of the progress of Albania towards joining the democratic community of nations.

12. Our support for the process of fundamental reform in the Soviet Union remains as strong as ever. We believe that new thinking in Soviet foreign policy, which has done so much to reduce East/West tension and strengthen the multilateral peace and security system, should be applied on a global basis. We hope that this new spirit of international co-operation will be as fully reflected in Asia as in Europe. We welcome

efforts to create a new union, based on consent not coercion, which genuinely responds to the wishes of the peoples of the Soviet Union. The scale of this undertaking is enormous: an open and democratic Soviet Union able to play its full part in building stability and trust in the world. We reiterate our commitment to working with the Soviet Union to support their efforts to create an open society, a pluralistic democracy and a market economy. We hope the negotiations between the USSR and the elected governments of the Baltic countries will resolve their future democratically and in accordance with the legitimate aspirations of the people.

13. It is for the peoples of Yugoslavia themselves to decide upon their future. However the situation in Yugoslavia continues to cause great concern. Military force and bloodshed cannot lead to a lasting settlement and will only put at risk wider stability. We call for a halt to violence, the deactivation and return of military forces to barracks and a permanent ceasefire. We urge all parties to comply with the provisions of the Brioni agreement as it stands. We welcome the efforts of the European Community and its member states in assisting in the resolution of the Yugoslav crisis. We therefore support the dispatch of EC monitors to Yugoslavia, within the framework of the CSCE emergency mechanism. We will do whatever we can, with others in the international community, to encourage and support the process of dialogue and negotiation in accordance with the principles enshrined in the Helsinki Final Act and the Paris Charter for a new Europe, in particular respect for human rights, including rights of minorities and the right of peoples to self-determination in conformity with the Charter of the United Nations and with the relevant norms of international law, including those relating to territorial integrity of states. The normalisation of the

present situation will allow us to contribute to the indispensable economic recovery of the country.

14. We welcome the positive developments in South Africa, where the legislative pillars of apartheid have at last been dismantled. We hope that these important steps will be followed by the de facto elimination of apartheid and improvement in the situation of the most impoverished among the population of South Africa. We hope that negotiations on a new Constitution leading to non-racial democracy will begin shortly and will not be disrupted by the tragic upsurge of violence. All parties must do all that is in their power to resolve the problem of violence. We are concerned that the foundation for a new non-racial South Africa will be undermined by mounting social problems and declining economic prospects for the majority of the population, which have contributed to the violence. There is an urgent need to restore growth to the economy to help reduce inequalities of wealth and opportunity. South Africa needs to pursue new economic, investment and other policies that permit normal access to all sources of foreign borrowing. In addition to its own domestic efforts, South Africa also needs the help of the international community, especially in those areas where the majority have long suffered deprivation: education, health, housing and social welfare. We will direct our aid for these purposes.

15. Finally, we look for further strengthening of the international order by continued vigorous efforts to deter terrorism and hostage taking. We call for the immediate and unconditional release of all hostages wherever they may be held and for an accounting of all persons taken hostage who may have died while being held. We welcome the undertakings

given by governments with an influence over hostage holders to work for the release of hostages and urge them to intensify their efforts to this end. We extend our sympathy to the friends and relations of those held. We reaffirm our condemnation of all forms of terrorism. We will work together to deter and combat terrorism by all possible means within the framework of international law and national legislation, particularly in the fields of international civil aviation security and the marking of plastic explosives for the purpose of detection.

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16. This forum continues to provide an invaluable opportunity for representatives from Europe, Japan and North America to discuss the critical challenges of the coming years. But we cannot succeed alone. We call on the leaders of the other nations to join us in our efforts to make a practical and sustained contribution to the cause of peace, security, freedom and the rule of law, which are the preconditions for trying to bring about greater justice and prosperity throughout the world.

ANNEX III

**DECLARATION ON CONVENTIONAL ARMS TRANSFERS AND NBC NON-PROLIFERATION**

1. At our meeting in Houston last year, we, the Heads of State and Government and the representatives of the European Community, underlined the threats to international security posed by the proliferation of nuclear, biological and chemical weapons and of associated missile delivery systems. The Gulf crisis has highlighted the dangers posed by the unchecked spread of these weapons and by excessive holdings of conventional weapons. The responsibility to prevent the re-emergence of such dangers is to be shared by both arms suppliers and recipient countries as well as the international community as a whole. As is clear from the various initiatives which several of us have proposed jointly and individually, we are each determined to tackle, in appropriate fora, these dangers both in the Middle East and elsewhere.

**CONVENTIONAL ARMS TRANSFERS**

2. We accept that many states depend on arms imports to assure a reasonable level of security and the inherent right of self-defence is recognised in the United Nations Charter. Tensions will persist in international relations so long as underlying conflicts of interest are not tackled and resolved. But the Gulf conflict showed the way in which peace and stability can be undermined when a country is able to acquire

a massive arsenal that goes far beyond the needs of self defence and threatens its neighbours. We are determined to ensure such abuse should not happen again. We believe that progress can be made if all states apply the three principles of transparency, consultation and action.

3. The principle of transparency should be extended to international transfers of conventional weapons and associated military technology. As a step in this direction we support the proposal for a universal register of arms transfers under the auspices of the United Nations, and will work for its early adoption. Such a register would alert the international community to an attempt by a state to build up holdings of conventional weapons beyond a reasonable level. Information should be provided by all states on a regular basis after transfers have taken place. We also urge greater openness about overall holdings of conventional weapons. We believe the provision of such data, and a procedure for seeking clarification, would be a valuable confidence and security building measure.

4. The principle of consultation should now be strengthened through the rapid implementation of recent initiatives for discussions among leading arms exporters with the aim of agreeing a common approach to the guidelines which are applied in the transfer of conventional weapons. We welcome the recent opening of discussions on this subject. These include the encouraging talks in Paris among the Permanent Members of the United Nations Security Council on 8/9 July; as well as ongoing discussions within the framework of the European Community and its Member States. Each of us will continue to play a constructive part in this important process, in these and other appropriate fora.

5. The principle of action requires all of us to take steps to prevent the building up of disproportionate arsenals. To that end all countries should refrain from arms transfers which would be destabilising or would exacerbate existing tensions. Special restraint should be exercised in the transfer of advanced technology weapons and in sales to countries and areas of particular concern. A special effort should be made to define sensitive items and production capacity for advanced weapons, to the transfer of which similar restraints could be applied. All states should take steps to ensure that these criteria are strictly enforced. We intend to give these issues our continuing close attention.

6. Iraqi aggression and the ensuing Gulf war illustrate the huge costs to the international community of military conflict. We believe that moderation in the level of military expenditure is a key aspect of sound economic policy and good government. While all countries are struggling with competing claims on scarce resources, excessive spending on arms of all kinds diverts resources from the overriding need to tackle economic development. It can also build up large debts without creating the means by which these may be serviced. We note with favour the recent report issued by the United Nations Development Programme (UNDP) and the recent decisions by several donor countries to take account of military expenditure where it is disproportionate when setting up aid programmes and encourage all other donor countries to take similar action. We welcome the attention which the Managing Director of the International Monetary Fund (IMF) and the President of the World Bank have recently given to excessive military spending, in the context of reducing unproductive public expenditure.

NON-PROLIFERATION

7. We are deeply concerned about the proliferation of nuclear, biological and chemical weapons and missile delivery systems. We are determined to combat this menace by strengthening and expanding the non-proliferation regimes.

8. Iraq must fully abide by Security Council Resolution 687, which sets out requirements for the destruction, removal or rendering harmless under international supervision of its nuclear, biological, and chemical warfare and missile capabilities; as well as for verification and long-term monitoring to ensure that Iraq's capability for such weapon systems is not developed in the future. Consistent with the relevant UN resolutions, we will provide every assistance to the United Nations Special Commission and the International Atomic Energy Agency (IAEA) so that they can fully carry out their tasks.

9. In the nuclear field, we:

- Re-affirm our will to work to establish the widest possible consensus in favour of an equitable and stable non-proliferation regime based on a balance between nuclear non-proliferation and the development of peaceful uses of nuclear energy.

- Reaffirm the importance of the nuclear Non-Proliferation Treaty (NPT) and call on all other non-signatory states to subscribe to this agreement;

- Call on all non-nuclear weapon states to submit all their nuclear activities to IAEA safeguards, which are the cornerstone of the international non-proliferation regime;

- Urge all supplier states to adopt and implement the Nuclear Suppliers Group guidelines;

We welcome the decision of Brazil and Argentina to conclude a full-scope safeguard agreement with the IAEA and to take steps to bring the Treaty of Tlatelolco into force, as well as the accession of South Africa to the NPT.

10. Each of us will also work to achieve:

- Our common purpose of maintaining and reinforcing the NPT regime beyond 1995;

- A strengthened and improved IAEA safeguards system;

- New measures in the Nuclear Suppliers Group to ensure adequate export controls on dual-use items.

11. We anticipate that the Biological Weapons Review Conference in September will succeed in strengthening implementation of the convention's existing provisions by reinforcing and extending its confidence-building measures and exploring the scope for effective verification measures. Each of us will encourage accession to the convention by other states and urge all parties strictly to fulfil their obligations under the convention. We each believe that a successful Review Conference leading to strengthened implementation of the BWC, would make an important

contribution to preventing the proliferation of biological weapons.

12. The successful negotiation of a strong, comprehensive, and effectively verifiable convention banning chemical weapons, to which all states subscribe, is the best way to prevent the spread of chemical weapons. We welcome recent announcements by the United States which we believe will contribute the swift conclusion of such a convention. We hope that the negotiation will be successfully concluded as soon as possible. We reaffirm our intention to become original parties to the convention. We urge others to become parties at the earliest opportunity so that it can enter into force as soon as possible.

13. We must also strengthen controls on exports which could contribute to the proliferation of biological and chemical weapons. We welcome the measures taken by members of the Australia Group and by other states on the control of exports of chemical weapons precursors and related equipment. We seek to achieve increasingly close convergence of practice between all exporting states. We urge all states to support these efforts.

14. Our aim is a total and effective ban on chemical and biological weapons. Use of such weapons is an outrage against humanity. In the event that a state uses such weapons each of us agrees to give immediate consideration to imposing severe measures against it both in the UN Security Council and elsewhere.

15. The spread of missile delivery systems has added a new dimension of instability to international security in many regions of the world. As the founders of the Missile Technology Control Regime (MTCR), we welcome its extension to many other states in the last two years. We endorse the joint appeal issued at the Tokyo MTCR meeting in March 1991 for all countries to adopt these guidelines. These are not intended to inhibit cooperation in the use of space for peaceful and scientific purposes.

16. We can make an important contribution to reducing the dangers of proliferation and conventional arms transfers. Our efforts and consultations on these issues, including with other supplier countries, will be continued in all appropriate fora so as to establish a new climate of global restraint. We will only succeed if others, including recipient countries, support us and if the international community unites in a new effort to remove these threats which can imperil the safety of all our peoples.

16 July 1991

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